

# ***HOUSE OF REPRESENTATIVES***

***Competitive Commerce Council***  
**Representative J. D. Alexander, Chair**  
**Representative James "Hank" Harper, Jr., Vice  
Chair**

## **2002 SUMMARY OF PASSED LEGISLATION**



### ***Agriculture Committee***

**Representative Joseph R. "Joe" Spratt, Chair**  
**Representative Will S. Kendrick, Vice Chair**

### ***Banking Committee***

**Representative Mark G. Flanagan, Chair**  
**Representative Phillip J. Brutus, Vice Chair**

### ***Economic Development & International Trade Committee***

**Representative Manuel Prieguez, Chair**  
**Representative Jeffrey H. "Jeff" Atwater, Vice Chair**

### ***Insurance Committee***

**Representative Leslie Waters, Chair**  
**Representative David Simmons, Vice Chair**

### ***Tourism Committee***

**Representative Allen Trovillion, Chair**  
**Representative Sally A. Heyman, Vice Chair**

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## **Agriculture & Consumer Affairs Committee**

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### **CS/SB 426, ER – Taxation**

**By Finance & Taxation; Campbell**

**Linked Bills:** None

**Tied Bills:** Compare H 121, H 123, H 169, H 1995, S 126, S 462, S 1104, S 2302

**Committee(s)/Council(s) of Reference:** Finance & Taxation

CS/SB 426, which passed both houses of the Legislature, included a provision which was the subject of HB 121. This provision applies the “ultimate destination test” for purposes of the income tax apportionment, when that income is derived from the sales of frozen fruits, fruit juices, and vegetables shipped out of the state. This means that, regardless of the method of shipment, if the ultimate destination of the product being shipped is to a destination out of the state, the sale shall not be deemed to occur in this state, and the income there from shall be considered out of state income for the apportionment formula.

Subject to the Governor’s veto powers, the effective date of this bill is upon becoming law.

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### **HB 565, ER – Farm labor contractors**

**By Peterman**

**Linked Bills:** None

**Tied Bills:** Similar CS/SB 168

**Committee(s)/Council(s) of Reference:** Agriculture & Consumer Affairs (CCC); Business Regulation (SGC); Council for Competitive Commerce

HB 565 prohibits a farm labor contractor from making charges or deductions from an employee’s wages for tools, equipment, etc. which are for the benefit of the employer. The state law now mirrors the federal Fair Labor Standards Act.

Subject to the Governor’s veto powers, the effective date of this bill is July 1, 2002.

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### **CS/CS/SB 694, ER – Condominiums and cooperatives and mobile homes**

**By Judiciary; Regulated Industries; Geller**

**Linked Bills:** None

**Tied Bills:** Compare H 831, CS/H 843, CS/2nd Eng. S 2004, CS/CS/H 399

**Committee(s)/Council(s) of Reference:** Regulated Industries; Judiciary

The bill:

- Requires a park owner who is increasing rent to have a second meeting with the mobile home owner committee and sets a time limit for having the meeting.
- Requires payments from park owners evicting tenants for a change in land use to be made to the Relocation Corporation, not the department, for deposit into the relocation trust fund. It also sets a time limit for making the payment and authorizes the Relocation Corporation to bring an action to enforce these payments.

- Gives the Corporation an additional 30 days to approve payment to a mobile home owner evicted for change in land use.
- Provides for the transfer of use rights with respect to limited common elements.
- Provides for the inclusion of specified provisions in declarations or bylaws through amendment.
- Clarifies that a number of multicondominium statutes created in 2000 apply to multicondominiums created on or after July 1, 2000.
- Allows associations an additional 30 days to mail the final financial report to unit owners.
- Requires that arbitration petitions challenging the legality of the election of any director of a board of administrations be handled on an expedited basis.
- Deletes a requirement that pre-sale disclosures include a question and answer sheet.

Subject to the Governor's veto powers, the effective date of this bill is July 1, 2002.

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**CS/HB 1681, ER – Agriculture & consumer services**

**By Council for Competitive Commerce; Agriculture & Consumer Affairs; Spratt**

**Linked Bills:** None

**Tied Bills:** Similar S 2072, Compare H 249, H 757, H 879, H 1213, H 1299, H 1343, H 1657, S 678, S 1870, S 2094, S 2122, S 2286

**Committee(s)/Council(s) of Reference:** General Government Appropriations (FRC); Council for Competitive Commerce

CS/HB 1681 addresses a variety of issues relating to the powers and duties of the Department of Agriculture and Consumer Services (department). Some of the major provisions provided for in this legislation include:

- Transfer by a type two transfer of the Division of Licensing of the Department of State to the department.
- Transfer of the Sturgeon Production Working Group from the Department of Environmental Protection to the department. Other minor procedural changes regarding the group are also implemented.
- Expands the types of local and regional projects that local governments can undertake. Also enables a separate administrative entity to complete the financing for said projects without affecting the \$10 million allowance permitted to small local governments under the federal tax code.
- Simplifies state funding for mosquito control districts. Allows Commissioner of Agriculture to issue declarations in specific counties, as needed, to respond to animal health threats posed by mosquitoes.
- Allows department to implement best management practices programs for any listed water body, regardless of total maximum daily load status.
- Establishes the Pest Control Enforcement Advisory Council to advise the Commissioner of Agriculture and government agencies regarding the regulation and responsibilities of pest control practices. Other provisions relating to the council are provided for in the bill.
- Requires the department to take action against manufacturers in violation of the food labeling law.

- Expands the authority of Agricultural Law Enforcement officers to include arrest authority for misdemeanors detected in the course of carrying out agricultural investigations.
- Requires state and local governments to establish contact with the appropriate incident management personnel prior to penetrating airspace over a wildfire.
- Creates the “Mark T. Schmidt Off-Highway Vehicle Safety Recreation Act”, as well as the Off-Highway Vehicle Recreation Advisory Committee within the Division of Forestry, who will provide program oversight. Requires all off-highway vehicles owned by residents of the state for use on public lands to be titled with the Department of Highway Safety and Motor Vehicles.

In addition to the above provisions, CS/HB 1681 also contains several technical modifications and other minor changes to the powers and duties of the various divisions within the Department of Agriculture and Consumer Services.

Subject to the Governor’s veto powers, the effective date of this bill is July 1, 2002.

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**CS/SB 1926, ER – Citrus canker**

**By Committee on Criminal Justice; Posey**

**Linked Bills:** None

**Tied Bills:** Identical H1539

**Committee(s)/Council(s) of Reference:** Agriculture & Consumer Services, Criminal Justice, Appropriations Subcommittee on General Government; Appropriations

CS/SB 1926 redefines the term “exposed to infection” to mean a citrus tree located within 1900 feet of an exposed tree. This definition will be repealed effective July 1, 2005.

The bill clarifies that the Department of Agriculture and Consumer Services (department), through a county-wide search warrant, is authorized to look for the citrus canker disease. Provisions regarding the warrant are provided for in the bill.

And lastly, the bill provides for the department to remove and destroy all infected or exposed citrus trees, providing notice of removal to property owners by means of an Immediate Final Order (IFO). Provisions regarding the IFO are spelled out in the bill.

Subject to the Governor’s veto powers, the effective date of this bill is upon becoming law.

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**SB 2094, ER – Misbranded food products**

**By Geller**

**Linked Bills:** None

**Tied Bills:** Identical H 1657, Compare H 1681, S 2072

**Committee(s)/Council(s) of Reference:** Agriculture & Consumer Services; Appropriations Subcommittee on General Government; Appropriations

SB 2094 requires the Department of Agriculture and Consumer Services (department) to

take certain actions when it determines that there has been a violation of the food labeling law relating to nutrient claims.

After giving the vendor/manufacturer sufficient notice, the department must retest or reexamine products for compliance. If a product must be tested or examined for a third time to verify compliance, the vendor/manufacturer must reimburse the department for the cost of the test or examination.

Subject to the Governor's veto powers, the effective date of this bill is July 1, 2002.

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## Banking Committee

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**CS/SB 2262, 2D Engrossed – The Florida Fair Lending Act  
By Banking and Insurance, Senator Meek**

**Linked Bills:** None.

**Tied Bills:** Similar CS/HB 1471 1st Engrossed; CS/SB 2380; Compare HB 1623

**Committee(s)/Council(s) of Reference:** Banking Committee (CCC), Fiscal Policy & Resources (FRC), Council for Competitive Commerce (CCC)

This bill creates specific state regulation by the Department of Banking and Finance (the department) for high-cost home loans providing parameters for the sub-prime market that mirror safeguards found in the federal Home Ownership and Equity Protection Act (HOEPA). The bill also:

- Provides direct authority for the department to examine any person for compliance with this Act.
- Gives the department authority to impose on a person who violates the Act a \$5,000 fine for each violation of the act, not to exceed \$250,000 in the aggregate, and also provides statutory cross-section violation provisions for persons licensed under Chapters 494 (Mortgage Brokers and Lenders), 516 (Consumer Finance), 520 (Retail Installment Sales), 655 (Financial Institutions, generally), 657 (Credit Unions), 658 (Trust Business), 660 (International Banking), 665 (associations), and 667 (Savings Banks). This amendment also provides very broad rulemaking authority to the department.
- Provides a list of prohibited acts.
- Clarifies that a “high-cost home loan” is a loan as defined in 15 U.S.C. 1602(Consumer Credit Protection Act).
- Provides for an opportunity for borrowers to cure a default before foreclosure.
- Provides local ordinance pre-emption but clarifies that the pre-emption shall not prohibit a local government body from requiring compliance with this act as a condition precedent to doing business with the government unit.
- Provides an effective date of October 2, 2002.

Subject to the Governor’s veto powers, the effective date of this bill is October 2, 2002.

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## **Economic Development & International Trade Committee**

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### **CS/HB 385 1<sup>st</sup> ENG. – Minority-Owned/Certain Insurers**

**By Council for Competitive Commerce; Lee**

**Linked Bills:** None

**Tied Bills:** CS/CS/SB 320

**Committee(s)/Council(s) of Reference:** Economic Development & International Trade; Fiscal Policy & Resources; Council for Competitive Commerce

CS/HB 385, 1<sup>st</sup> ENG :

- extends the period of tax and assessment exemptions for minority-owned property and casualty insurers licensed prior to 2002. Qualified minority insurers may now receive the exemptions up to 10 years. The exemption program repeals December 31, 2010.
- extends Florida Hurricane Catastrophe Fund coverage to collateral protection insurance policies.
- revises requirements for proving responsibility under the Financial Responsibility Law by increasing the maximum allowable amount an owner or lessee of for-hire passenger transportation vehicles is permitted to self-insure and increasing the minimum limits for required excess insurance coverage for any person (other than a natural person) choosing to prove financial responsibility by posting a surety bond or deposit.
- exempts insurers issuing large group (i.e., groups of more than 50 persons) health insurance policies in Florida from the requirement to file rating manuals or rating schedules, or premium rates or rate changes, with the Department of Insurance (department). The exemption would not apply to certain coverages, including Medicare supplement insurance and long-term care insurance.
- requires workers' compensation insurers to report only those Special Disability Trust Fund assessments due within the current calendar year as a liability on their financial statements.
- revises the period within which an insurer must return unearned premium to an insured when the policy is cancelled by the insurer or by the insured.
- authorizes the department to adopt the Long-Term Care Insurance Model Regulation promulgated by the National Association of Insurance Commissioners.
- extends to health maintenance organizations (HMOs) the authority enjoyed by insurers to invest excess funds without limitation in any otherwise authorized investments.

- excludes payment of “return premium” under a retrospective rating plan from the definition of a “covered claim” under the Florida Workers Compensation Insurance Guaranty Fund.
- prohibits the dissolution of the new residual market insurer -- Citizens Property Insurance Corporation (CPIC) -- while it has financial obligations outstanding unless adequate provision has been made for meeting these obligations. (This would prevail over any conflicting provisions in SB 1418, the bill creating CPIC.)

Subject to the Governor’s veto powers, the effective date of this bill is upon becoming a law except as otherwise provided.

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**CS/CS/CS/SB 386, 2nd ENG. – Black Business Investment Board  
By Appropriations; Governmental Oversight & Productivity; Commerce &  
Economic Opportunities; Holzendorf**

**Linked Bills:**

**Tied Bills:** CS/HB 1081, 1st ENG.

**Committee(s)/Council(s) of Reference:** Commerce & Economic Opportunities; Governmental Oversight & Productivity; Appropriations Subcommittee on General Government; Appropriations

Transforms the Black Business Investment Board (BBIB) into a public-private partnership similar to other partnerships under the Office of Tourism, Trade, and Economic Development (OTTED). Provides that the Black Business Investment Board would become a not-for-profit corporation; revises appointment and number of board members; establishes an employee-leasing program under DMS to allow employees to keep their state-employee status for a prescribed time. Requires annual report. Requires the BBIB to report to the Governor and Legislature on the feasibility of including minority business enterprises in the BBIB. The report is to include funding needs of administering such minority business enterprises in addition to black business enterprises.

Subject to the Governor’s veto powers, the effective date of this bill is July 1, 2002.

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**CS/SB 688, 2<sup>nd</sup> ENG. – Spaceport Florida Authority  
By Commerce & Economic Opportunities; Futch**

**Linked Bills:**

**Tied Bills:** CS/HB 1557

**Committee(s)/Council(s) of Reference:** Commerce & Economic Opportunities; Governmental Oversight & Productivity; Appropriations Subcommittee on General Government; Appropriations.

Revises the membership of and procedures related to the authority’s board of supervisors:

- changes the membership of the authority’s board of supervisors to the following:
  - the Lieutenant Governor as chair of the board;

- eight regular members, appointed by the Governor, four of whom are to represent the space industry (at least one of whom must also be from a small business), one to represent organized labor, and one to represent minority interests; and
- two ex officio nonvoting members who are legislators.
- provides that only regular members of the board are subject to Senate confirmation;
- designates the Lieutenant Governor as the state's space policy leader and provides that the Lieutenant Governor shall cast the deciding vote in case of a tie of the regular members;
- prohibits any legal entity from having more than one representative on the board at any one time; and
- deletes obsolete provisions related to the initial creation of the board.

The bill defines "space industry," for the purpose of representation on the board authority to include: private sector industries engaged in space flight business (as defined in s. 212.031, F.S.); research & technology development of space-based products and services; space station commercialization; development of spaceport & range technology; remote sensing products & services; space biotechnology, measurement & calibration of space assets; space-related software & information technology development; design & architecture of space-based assets and facilities for manufacturing & other purposes; space-related nanotechnology; space tourism; and other commercial enterprises utilizing uniquely space-based capabilities.

Subject to the Governor's veto powers, the effective date of this bill is upon becoming a law.

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**SB 1794, 2<sup>nd</sup> ENG. – Enterprise Zones**

**By Geller**

**Linked Bills: None**

**Tied Bills: Identical HB 877**

**Committee(s)/Council(s) of Reference: Commerce & Economic Opportunities;  
Comprehensive Planning, Local & Military Affairs**

SB 1794, 2<sup>nd</sup> ENG. authorizes Hendry, Highlands, and Jackson Counties to apply to the Office of Tourism, Trade, and Economic Development (OTTED) to amend their respective enterprise zone boundaries for the purpose of replacing areas not suitable for development. The applications must be submitted to OTTED by December 31, 2002.

Subject to the Governor's veto powers, the effective date of this bill is upon becoming a law.

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**SB 1912 – Defense Contractors  
By Commerce & Economic Opportunities; Peadon**

**Linked Bills:**

**Tied Bills:** Identical HB 1451; Similar provisions included in CS/HB 743; Similar provisions included in CS/CS/HB 779.

**Committee(s)/Council(s) of Reference:** Commerce & Economic Opportunities.

Revises the definition of “Department of Defense contract” to include contracts and subcontracts for products or services approved by the US Department of Defense, the US Department of State, or the US Coast Guard for military use.

Lowers the threshold necessary for a business to qualify for review by OTTED for a Qualified Defense Contractor Refund. Specifies that a business unit of an applicant must have derived at least 60% of its gross receipts in this state from DOD contracts or subcontracts in the previous fiscal year and an average of 60% of its gross receipts in this state from DOD contracts or subcontracts over the previous 5 years.

Subject to the Governor’s veto powers, the effective date of this bill is July 1, 2002.

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## Insurance Committee

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### **CS/CS/SB 108, 1st ENG. – Workers' compensation**

**By Appropriations; Banking and Insurance; Smith**

**Linked Bills:** None

**Tied Bills:** Similar CS/HB 1121; includes parts of CS/HB 1643, 1st ENG.; CS/HB 1947; CS/SB 1612 and CS/SB 2304

**Committee(s)/Council(s) of Reference:** Banking and Insurance; Comprehensive Planning, Local and Military Affairs; Appropriations Subcommittee on General Government; Appropriations

The bill:

- extends workers' compensation coverage to off-duty firefighters, emergency medical technicians, and paramedics in certain circumstances for injuries occurring outside of their employer's jurisdiction or area of responsibility.
- includes state and local correctional officers in the presumption of work-related cause (i.e., presumptive eligibility for workers' compensation benefits) currently benefiting firefighters and state law enforcement officers who suffer certain health conditions.
- limits the applicability of coverage exemptions or exclusions on certain "commercial building" projects.
- addresses workers' compensation fraud, both generally and specific to construction industry exemptions, by creating additional enforcement measures and penalties.
- requires is a study of the availability of workers' compensation coverage in the construction industry to be submitted to the Legislature by February 1, 2003.
- directs the Three-Member Panel to collect data concerning
  - the availability and accessibility of health care delivery systems for injured workers,
  - the adequacy of the workers' compensation fee schedule and alternative methods of reimbursement,
  - the estimated financial impact on carrier costs and premium rates resulting from changes to the reimbursement schedule, and
  - utilization trends in the workers' compensation health care delivery system.
- requires the Panel to submit recommendations for improvement to the Legislature biennially by January 1.
- specifies that carriers and self-insured employers may choose to deliver workers' compensation medical benefits through a method other than an Agency for Health Care Administration approved workers' compensation managed care arrangement without regard to the injured workers' date of accident.

- revises the time frames for resolving disputes when a petition for benefits is filed.

Subject to the Governor's veto powers, the effective date of this bill is July 1, 2002.

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**SB 264 – Drug-free workplaces**

**By Senator King**

**Linked Bills:** None

**Tied Bills:** Identical HB 651

**Committee(s)/Council(s) of Reference:** Health, Aging and Long-Term Care; Regulated Industries

To receive a workers' compensation premium discount for a drug-free workplace program, the bill requires an employer to implement drug testing of employees and job applicants.

The bill also requires construction contractors, electrical contractors, and alarm system contractors, performing construction work under state contract for educational facilities, public property, publicly owned buildings, and state correctional facilities to implement a drug-free workplace program.

Subject to the Governor's veto powers, the effective date of this bill is October 1, 2002.

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**CS/CS/HB 319, 1st ENG. – Self-insurers**

**By Council for Competitive Commerce; Insurance; Clarke**

**Linked Bills:** None

**Tied Bills:** Similar CS/SB 398

**Committee(s)/Council(s) of Reference:** Insurance; Fiscal Policy & Resources; Competitive Commerce Council

The bill transfers authority over individual employers that self-insure for purposes of workers' compensation coverage from the Division of Workers' Compensation within the Department of Labor and Employment Security to the Department of Insurance and to the Florida Self-Insurers Guaranty Association.

Subject to the Governor's veto powers, the effective date of this bill is October 1, 2002.

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**CS/CS/SB 432, 1st ENG. – Insurer rehabilitation and liquidation**

**By Judiciary; Banking and Insurance; Klein**

**Linked Bills:** CS/CS/SB 430

**Tied Bills:** Similar CS/CS/CS/HB 193, 1st ENG.; compare CS/SB 1822, 1st ENG.

**Committee(s)/Council(s) of Reference:** Banking and Insurance; Judiciary; Appropriations Subcommittee on General Government; Appropriations

The bill:

- grants the receivership court (i.e., the Circuit Court in Leon County) jurisdiction over third parties for the purposes of delinquency proceedings;
- tolls the statutes of limitation for actions by or against the insurer to benefit the estate or others, by as much as 4 years beyond current statutes of limitation;

- authorizes the Department of Insurance (department), as receiver, to exercise rights of certain third parties to maximize the value of the estate;
- allows the department, as receiver, to recover additional costs from third parties and allow the department, as receiver, to investigate the causes of an insolvency;
- expands the scope of the department's examination authority to include certain third parties currently or formerly associated with the insurer and creates a civil cause of action and additional criminal penalties, for certain fraudulent acts;
- subject to an exception, prohibits corporate officers serving as an officer or director of an insurance company within two years prior to the insurer's insolvency on or after July 1, 2002, from serving as the officer or director of another insurer in Florida;
- allows the dissolution of a domestic property and casualty insurer upon an approved surrender of the insurer's certificate of authority.

The bill also revises the definition of "covered claim" for purposes of the Workers' Compensation Insurance Guaranty Association to provide that amounts sought as returns of premium under retrospectively rated policies (a.k.a., "retro plans") are not included as covered claims.

Subject to the Governor's veto powers, the effective date of this bill is July 1, 2002.

**CS/SB 1126 – Insurance policy holder protection**

**By Banking and Insurance; Posey**

**Linked Bills:** None

**Tied Bills:** Similar CS/HB 551; compare CS/HB 1361; HB 2021, 1st ENG.; includes part of SB 1418, 2nd ENG.

**Committee(s)/Council(s) of Reference:** Banking and Insurance

The bill:

- prevents the Florida Windstorm Underwriting Association (Windstorm Pool) and the Residential Property and Casualty Joint Underwriting Association from denying coverage to a policyholder receiving an offer of coverage in the voluntary market if the policyholder's agent is "unable" or "unwilling" to be appointed by the insurer making the offer of coverage.
- changes the way in which agents are compensated when a policy is removed.
- adds a portion of Brevard County to the Windstorm Pool.

Subject to the Governor's veto powers, the effective date of this bill is upon becoming a law.

**CS/CS/HB 1247 – Premium financing**

**By Council for Competitive Commerce; Insurance; Ross**

**Linked Bills:** None

**Tied Bills:** Identical CS/SB 2214; compare CS/SB 1362

**Committee(s)/Council(s) of Reference:** Insurance; Competitive Commerce Council

The bill revises the method of calculating and billing interest charges imposed by an insurance company, agency, or agent in connection with premium financing plans. Interest charged by companies, agents, and agencies under current law could be charged either on the unpaid balance as under current law or the *average* unpaid balance subject to any endorsement changes. These interest payments could be made in equal monthly installments.

The bill also allows an insurance company to charge, in addition to the fees or interest currently allowed, certain other charges, or a portion thereof, that premium finance companies currently are allowed to charge.

Subject to the Governor's veto powers, the effective date of this bill is upon becoming a law.

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**CS/HB 1355 – Public records/insurer's workpapers**

**By State Administration; Mealor**

**Linked Bills:** None

**Tied Bills:** Similar CS/SB 1478

**Committee(s)/Council(s) of Reference:** Insurance; State Administration

The bill creates a public records exemption for workpapers and other information held by the Department of Insurance, and workpapers and other information received from another governmental entity or the National Association of Insurance Commissioners for use by the department in the performance of its examination or investigation duties pursuant to certain sections of law. The bill includes a public necessity statement as required by the Florida Constitution.

Subject to the Governor's veto powers, the effective date of this bill is upon becoming a law.

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**CS/SB 1418, 2nd ENG. – Insurance**

**By Banking and Insurance; Garcia**

**Linked Bills:** None

**Tied Bills:** Similar CS/HB 1361; HB 2021, 1st ENG.; includes part of CS/SB 1126 (CS/HB 551), and includes part of CS/SB 1822, 1st ENG.

**Committee(s)/Council(s) of Reference:** Banking and Insurance; Garcia

This bill creates a new property insurer of last resort to write residential and commercial property insurance policies now written by the Residential Property and Casualty Joint Underwriting Association (RPCJUA) and the Florida Windstorm Underwriting Association (Windstorm Pool), effective July 1, 2002. The RPCJUA would cease to exist and the Windstorm Pool would become dormant. The new entity, known as the Citizens Property Insurance Corporation (Citizens), will be divided into a personal lines, commercial lines,

and high risk (Windstorm Pool risks) account. It will operate under a board appointed by, and serving at the pleasure of, the Treasurer.

In addition, the bill:

- requires the use of quota share primary insurance agreements for the high risk account.
- repeals the option of rate arbitration for challenging Department rate orders for residual market property insurers and limits rate increases for wind-only policies renewed between July 1, 2002, and June 30, 2002, to no more than 10 percent. Beginning July 1, 2003, wind-only rates must be actuarially sound and not competitive with voluntary market rates.
- expands the assessment base for the residual market.
- prevents Citizens from denying coverage to a policyholder receiving an offer of coverage in the voluntary market if the policyholder's agent is "unable" or "unwilling" to be appointed by the insurer making the offer of coverage.
- changes the way in which agents are compensated when a policy is removed.
- includes changes designed to achieve federal tax-exempt status for Citizens.
- extends coverage under the Florida Hurricane Catastrophe Fund (Cat Fund) to include losses for additional living expenses and requires the State Board of Administration to include a factor for accelerating the buildup of Cat Fund cash when establishing reimbursement premiums.
- requires the board of Citizens to report annually to the Legislature showing the change in the probable maximum loss for a 100-year event for wind-only coverages and policies under the proposed quota share primary insurance program. If certain reductions in probable maximum loss are not achieved, then the high risk area (former Windstorm Pool area) boundaries will be reduced.

Subject to the Governor's veto powers, the effective date of this bill is upon becoming a law.

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**CS/SB 1822, 1st ENG. – Insurance  
By Banking and Insurance; Holzendorf**

**Linked Bills:** None

**Tied Bills:** Compare CS/CS/CS/HB 193, 2nd ENG.; CS/HB 385, 1st ENG.; CS/HB 1133; CS/HB 1373, 1st ENG.; CS/CS/SB 320; CS/CS/SB 432, 1st ENG.; CS/SB 2192, 1st ENG.

**Committee(s)/Council(s) of Reference:** Banking and Insurance; Commerce and Economic Opportunities; Appropriations Subcommittee on General Government; Appropriations

The bill:

- extends Cat Fund coverage to collateral protection insurance policies.
- excludes payment of “return premium” under a retrospective rating plan from the definition of a “covered claim” under the Florida Workers Compensation Insurance Guaranty Association.
- requires workers’ compensation insurers to report only those Special Disability Trust Fund assessments due within the current calendar year as a liability on their financial statements.
- extends to HMOs, the authority enjoyed by insurers to invest excess funds without limitation in any otherwise authorized investments.
- extends the period of tax and assessment exemptions for minority-owned property and casualty insurers licensed prior to 2002.
- prohibits the dissolution of the new residual market insurer—Citizens Property Insurance Corporation (Citizens)—while it has financial obligations outstanding unless adequate provision has been made for meeting these obligations. (This would prevail over any conflicting provisions in SB 1418—the bill creating CPIC.)
- revise requirements for proving responsibility under the Financial Responsibility Law by increasing the maximum allowable amount an owner or lessee of for-hire passenger transportation vehicles is permitted to self-insure and increasing the minimum limits for required excess insurance coverage for any person (other than a natural person) choosing to prove financial responsibility by posting a surety bond or deposit.
- permit a surplus lines insurer to cancel a policy when the premium is financed and the surplus lines insurer or agent does not receive the premium. Under current law, receipt by the agent is deemed to be receipt by the insurer and the insurer is liable to the insured for covered losses.

Subject to the Governor’s veto powers, the effective date of this bill is July 1, 2002, except as otherwise provided.

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**HB 1841, 2nd ENG. – Insurance company representatives  
By Council for Competitive Commerce, Alexander, Waters and others**

**Linked Bills:** None

**Tied Bills:** Similar CS/CS/SB 1436; includes SB 1952

**Committee(s)/Council(s) of Reference:** Council for Competitive Commerce

In 1999, Congress passed the Gramm-Leach-Bliley Act. The Act calls on States to achieve uniformity or reciprocity in insurance producer licensing by November of 2002 or face preemption of certain regulatory authority.

The bill:

- defines terms and classifies certain laws as “consumer protections”;
- requires Department of Insurance (department) use of the National Association of Insurance Commissioners’ Uniform Application for nonresident agents;
- permits the department to issue one temporary license covering multiple lines and extend the duration for certain lines; eliminate the “solicitor” license;
- exempts nonresident agent applicants from the exam requirement when they hold certain professional designations;
- grants departmental rulemaking authority to establish waiting periods and penalties for applicants for certain violations, and
- allows those becoming residents to transfer their license from other states.

Subject to the Governor’s veto powers, the effective date of this bill is October 1, 2001.

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**CS/SB 1994 – Insurance/communication equipment  
By Banking and Insurance; Latvala**

**Linked Bills:** None

**Tied Bills:** Similar CS/CS/HB 1319

**Committee(s)/Council(s) of Reference:** Banking and Insurance

The bill authorizes the sale of insurance covering the loss, theft, mechanical failure, or malfunction of or damage to communications equipment such as “handsets, pagers, personal digital assistants, portable computers, automatic answering devices, batteries, and other devices.”

Subject to the Governor’s veto powers, the effective date of this bill is July 1, 2002.

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**CS/SB 2102, 1st ENG. – Motor vehicle service agreements  
By Banking and Insurance; Villalobos**

**Linked Bills:** None

**Tied Bills:** Compare HB 1237

**Committee(s)/Council(s) of Reference:** Banking and Insurance

The bill allows a motor vehicle service agreement to cover “vehicle protection expenses”

associated with the loss or damage to a vehicle as a result of the failure of a “vehicle protection product.” This type of motor vehicle service agreement may only be sold to and benefit consumers that have in-force comprehensive motor vehicle coverage.

“Vehicle protection products” are defined as products installed or applied to a motor vehicle and designed to prevent theft or assist in the recovery of the motor vehicle. At a minimum, motor vehicle service agreements providing for the payment of “vehicle protection expenses” must reimburse the service agreement holder for temporary vehicle rental expenses, sales taxes and registration fees on a replacement vehicle, comprehensive motor vehicle insurance deductibles, and the difference between the cost of a car of the same make, year, and model and the benefits paid under the service agreement holder’s comprehensive coverage.

Subject to the Governor’s veto powers, the effective date of this bill is upon becoming a law.

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**CS/SB 2192, 1st ENG. – Solvency of insurers and health maintenance organizations**

**By Banking and Insurance; Sanderson**

**Linked Bills:** None

**Tied Bills:** Similar CS/HB 1373, 1st ENG; includes part of CS/HB 385, 2nd ENG., and part of CS/SB 1822, 1st ENG.

**Committee(s)/Council(s) of Reference:** Banking and Insurance; Health, Aging and Long-Term Care; Governmental Oversight and Productivity

The bill:

- expands the definition of “unsound condition” when an insurer is placed under administrative supervision. An insurer is authorized to seek review of a Department of Insurance (Department) order placing the insurer under administrative supervision under the Administrative Procedure Act. The order is stayed during the pendency of the review.
- requires workers’ compensation insurers to report only those Special Disability Trust Fund assessments due within the current calendar year as a liability on their current financial statements.
- reduces the required surplus of 25 percent of reserves to 10 percent of reserves by changing the method for calculating reserves to require a corporation or trust to hold more reserves.
- increases the allowable market value of stock investments made by a corporation or trust from 10 percent to an amount not to exceed more than 50 percent of the corporation’s or trust’s required reserves and surplus. No more than 10 percent of the total fair market value of stock can be in any one corporation or trust.
- no longer requires a health maintenance organization (HMO) to file a 4th Quarter report in favor of the required Annual Report. They would be required to include in the actuarial certification included in their annual report an assurance that they have adequately reserved for liabilities associated with transfers of payment

obligations to downstream entities through capitation or other agreements. They would not be permitted to exclude liabilities associated with these transfers for which the provider has not received payment, unless the payment obligations are secured by a financial instrument.

- prohibits HMOs from paying dividends or distributions if payment would create negative retained earnings. Dividends equal to or less than the greater of 10 percent of retained earnings or prior year net income are permitted if surplus is 115 percent of the minimum requirement, and the Department is notified 30 days prior to payment. Criteria are included for the Department to consider before approving a dividend or distribution payment by an HMO in excess of the maximum amount.

Subject to the Governor's veto powers, the effective date of this bill is October 1, 2002.

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## **Tourism Committee**

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### **CS/HB 377 – Florida Arts Council/Dept. of State**

**By Council for Competitive Commerce; Clarke and others**

**Linked Bills:** None

**Tied Bills:** Similar CS/SB 544

**Committee(s)/Council(s) of Reference:** Tourism; Transportation & Economic Development Appropriations; Council for Competitive Commerce

The bill amends s. 265.285, F.S., relating to the 15-member Florida Arts Council, to require appointment of the membership by the Governor, the President of the Senate, and the Speaker of the House of Representatives instead of by the Secretary of State. Seven members are to be appointed by the Governor to serve for 4-year terms of appointment. The President and the Speaker each appoint four members who will serve 2-year terms of appointment. Council members can only serve two consecutive terms of appointment. After being off the Council for one year, however, a person may be reappointed. Suggestions are made regarding the qualifications of the persons appointed to the Council to ensure expertise in the areas of responsibility of the Council. The bill changes the requirement that every area of the state be represented on the Council to a requirement that the appointments recognize a need for geographical representation. The appointments are to be made in consultation with the Secretary of State.

All Council members serving on July 1, 2002, are to serve the remainder of their respective terms. When the membership falls below the statutorily required number 15, the Governor will fill the first vacancy. After this, subsequent appointments to fill vacancies will be alternated among the President of the Senate, the Speaker of the House of Representatives, and the Governor. Additional conforming and technical revisions are made to the section.

The bill also amends s. 265.286(4), F.S., to expand the funding categories in the challenge grant program. The bill provides three levels of application, with varying match requirements: local, regional, or state impact.

Subject to the Governor's veto powers, the effective date of this bill is July 1, 2002.

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### **CS/SB 1268 – Florida State Boxing Commission**

**By Regulated Industries Committee; Campbell**

**Linked Bills:** None

**Tied Bills:** Similar CS/CS/HB 617

**Committee(s)/Council(s) of Reference:** Regulated Industries; Appropriations Subcommittee on General Government; Appropriations

The bill expands general rulemaking authority of the Florida State Boxing Commission (Commission) and authorizes rulemaking in the areas of background investigation, blood testing, and issuance of citations. The bill amends various provisions of Ch. 548, F.S., to provide greater protection for participants in matches through improved health safety measures and through improved regulatory provisions. Additionally, Ch. 548, F.S., is

amended to provide regulation of professional mixed martial arts matches. Definitions of “mixed martial arts” and “participants” are added and regulatory provisions of the chapter are expanded to include mixed martial arts. The bill requires provisional certification of competitiveness of mixed martial arts and kickboxing matches by matchmakers and a \$5,000 minimum permit fee per mixed martial arts event.

In the area of licensure the following changes are made: (1) All promoters and concessionaires must file certain reports on matches held in the state and when a person sells the rights to telecast a match supervised by the Commission, such person is deemed to be a promoter and must be licensed. (2) A concessionaire is required to file a form of security with the Commission before his or her license can be issued or renewed. (3) A person seeking licensure by providing certain false or fraudulent information is guilty of a second degree misdemeanor. (4) The bill prohibits licensure of any person, business entity, trustee, partner, officer, director, or owner, who has been convicted of or has been named in any information or indictment for any act that would violate the chapter. (5) The bill requires denial, suspension or revocation of a license for certain age, health, or other specified conditions.

In the area of health and safety, the bill requires the following: a Commission member to be an experienced Florida licensed physician; a ringside physician to be Florida-licensed with medical training or experience in boxing or both; and increase in insurance coverage for participants; conditions for weigh-in, examinations, blood tests, and obtaining urine samples; increased physician authority; additional conditions regulating judges; clarification of weights and classes of participants and glove weights. For state insurance coverage and sovereign immunity protection, a ringside physician is considered an agent of the Commission.

Finally, the bill authorizes the Department of Business and Professional Regulation (DBPR) to administer oaths, take depositions, and issue subpoenas and requires that payment to the state and tax reporting requirements apply to boxing, kickboxing, and mixed martial arts. According to DBPR and the Commission, the bill has a minimal impact which is offset by the new \$5,000 permit fee for mixed martial arts events.

Subject to the Governor’s veto powers, the effective date of this bill is upon becoming a law.

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**CS/HB 1591, 1st ENG – Florida's Coasts and Public Beaches**

**By Tourism; Maygarden**

**Linked Bills:** None

**Tied Bills:** Compare CS/SB 1472

**Committee(s)/Council(s) of Reference:** Tourism; Council for Competitive Commerce

The bill transfers the Florida Coastal Management Program from the Department of Community Affairs (DCA) to the Department of Environmental Protection (DEP) by a type two transfer. Technical changes are made in the sections of Ch. 380, F.S., relating to the Florida Coastal Management Program, to accommodate the transfer of that program from DCA to DEP and to clarify responsibilities of the program and DEP. Additionally, s. 403.061, F.S., is amended to provide that DEP is to serve as the single point of contact for performing specified responsibilities, including administration and operation of the Florida State Clearinghouse.

Further, the bill establishes that it is the Legislature's intent that state agencies and local governments cooperate in efforts to develop plans for and assist in the display of uniform safety and warning signs at all public beaches along the coast at which flags are displayed and lifeguards are on duty and in the placement of uniform notification signs indicating the meaning of flags displayed.

The bill creates s. 380.276, F.S., to direct DEP, through the Florida Coastal Management Program, to develop a program for the display of uniform safety and warning flags and the placement of uniform notification signs. To the extent that funding is available, DEP is directed to fund the program and its implementation. DEP is also provided rulemaking authority to implement the provisions of the program. The state, state agencies, local governments and local governmental agencies cannot be held liable for injuries caused by the reasonable placement or location of safety and warning flags nor for the reasonable placement of notification signs for the meaning of flags displayed.

Subject to the Governor's veto powers, the effective date of this bill is July 1, 2002.

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**CS/HB 1611, 1st ENG – Agriculture Education and Promotion Facilities  
By Council for Competitive Commerce; Brummer**

**Linked Bills:** None

**Tied Bills:** Identical CS/SB 2276; Compare CS/CS/1st ENG 2072

**Committee(s)/Council(s) of Reference:** Tourism; General Government Appropriations; Council for Competitive Commerce

The bill creates s. 288.1175, F.S., designating the Department of Agriculture and Consumer Services as the state agency responsible for screening applicants for and certifying applicants meeting requirements set forth for designation as agriculture education and promotion facilities. An "agriculture education and promotion facility" is defined as an exhibition hall, arena, civic center, exposition center or other capital project or facility which can be used for exhibitions, demonstrations, trade shows, classrooms, civic events and other purposes that promote and educate persons about agriculture, horticulture, equestrian and other state resources.

The bill sets forth general criteria the applicants must meet in order to be certified. The applications are to be evaluated on a competitive basis. If there are more than three applicants, the department is required to rank the applications according to criteria developed by the department with priority given to specific criteria provided in subsection (5) of the bill.

Applications are required to be submitted to the department by October 1 of each year. The department will develop a list of recommendations to the Legislature for its review and approval. Funding cannot be recommended for less than what is requested for the facility.

Finally, the use of funds is limited to paying for the planning, design, permitting, construction, or renovation of an agriculture education and promotion facility; to pay or pledge for the payment of debt services on, or to fund debt service reserve funds, arbitrage rebate obligations, or other amounts payable with respect to bonds issued for

planning, design, permitting, construction, or renovation of such facility or for reimbursement of such costs or refinancing of bonds issued for such purposes.

Subject to the Governor's veto powers, the effective date of this bill is upon becoming a law.

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